

# The role of the BNDES in the Brazilian Economy

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*President*



# Brazil begins a new development cycle



- ✓ The Brazilian economy may grow beyond 5% p.a. over the next five years;
- ✓ The domestic market will make the growth in demand feasible: basic household consumption, housing and durable goods;
- ✓ Investment will be driven by five main sectors: Oil & Gas, Electric Energy, Logistics, Residential Construction and Agribusiness;
- ✓ Main challenges: i) to increase the aggregate GDP/investment rate, and ii) to make the competitive advance of the manufacturing industry feasible.

- ✓ The role of the BNDES in the Brazilian Economy
- ✓ Investment perspectives
- ✓ Brazil's long-term challenges

## **Innovation**

To support investments promoting technological innovation and competitiveness.

## **Infrastructure**

Access to electric energy, telecommunications, urban transport, water supply and sanitation, increasing the offer of services ahead of demand to avoid harm to economic growth.

## **Productive structure**

To increase industry production capacity. To make industry and service sectors more effective. To prioritize small and medium-sized companies. To support international business of Brazilian companies.

## **Exports**

To promote external sales and reduce imports. Technological investments to increase content value of consumer goods. Preferential trade relations with Mercosur and other South-American neighbors.

## **Social inclusion**

Conditions and stimuli to intensify social benefits are established for the concession of BNDES credit.

# Social Inclusion Disbursements



Sanitation



Health



Urban Development



Education

2010

US\$ 5.24 billion

US\$/R\$ = 1.80

# The Amazon Fund



**The BNDES manages the Amazon Fund, which raises funds to preserve and promote the forest's sustainable development.**



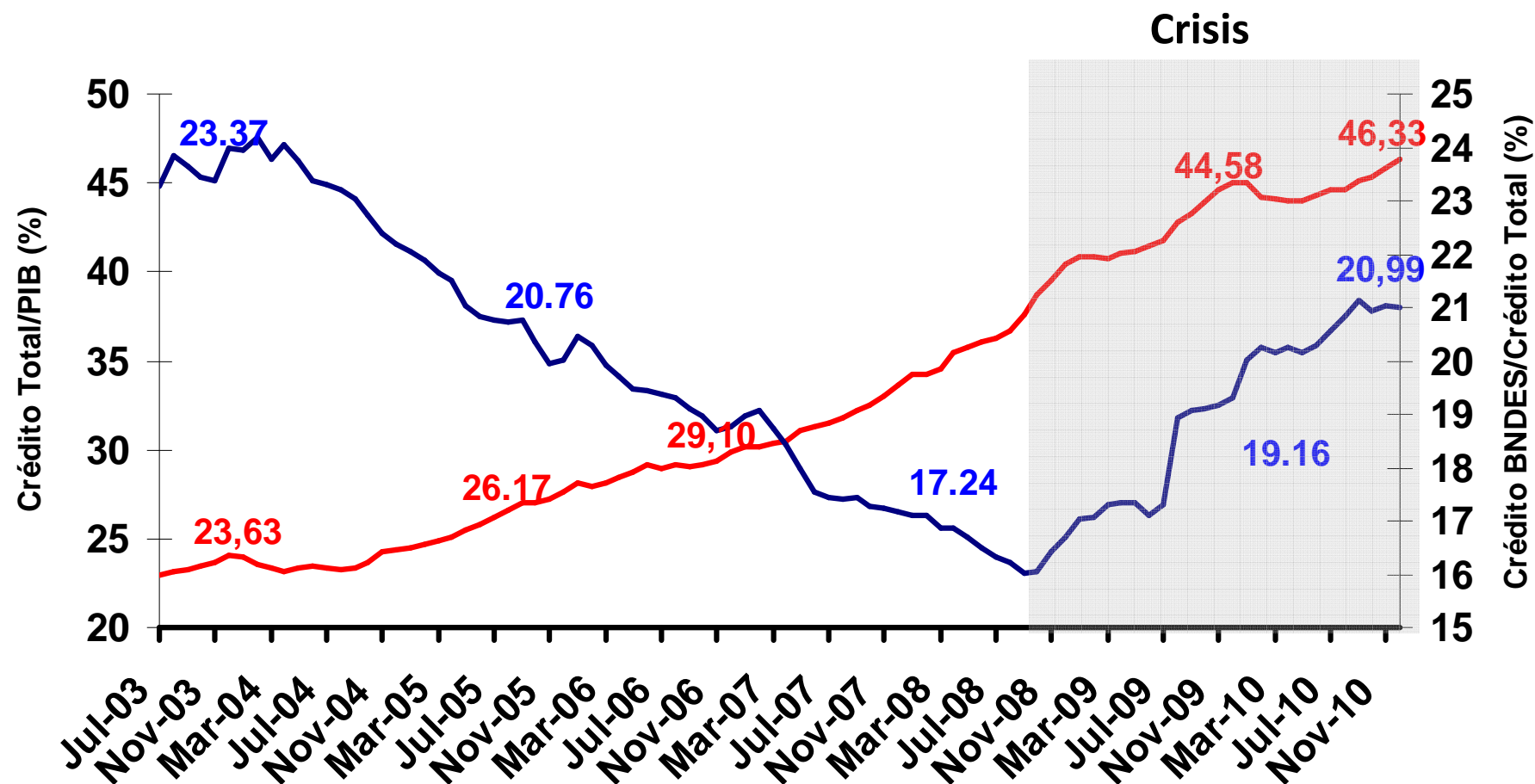
**The main objective of the Fund is to collect donations for non-reimbursable investments . These efforts aim to prevent and combat deforestation (reducing the CO2 emissions), as well as to promote the conservation and the sustainable use of the Amazonian biomass.**

2009	US\$ 39.1 million	Nov 2010	US\$ 28.5 million
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# Atuação do BNDES na crise evitou a queda do crédito na economia



## Crédito Total X Crédito BNDES



Fonte: Banco Central

— Crédito Total/PIB (%) — Crédito BNDES/Crédito Total (%)

# BNDES vs. Multilateral Banks



US\$ million	BNDES	IDB	IBRD	CAF	China DB
	Dec 31, 2009	Dec 31, 2009	Jun 30, 2009*	Dec 31, 2009	Dec 31, 2009
Total Assets	222,050	84,006	275,420	15,887	665,168
Shareholders' Equity	15,867	20,674	40,037	5,287	55,471
Net Income	3,868	794	3,114	235	4,673
Loan Disbursements	78,910	11,424	18,564	4,584	92,998
Total Loans	162,917	58,049	105,698	11,687	543,196
Capitalization	7.1%	24.6%	14.5%	31.9%	8.3%
ROA	2.3%	1.0%	2.4%	2.4%	0.8%
ROE	29.0%	4.0%	8.0%	4.7%	8.8%
Founded	1952	1959	1945	1968	1994

**IDB** = Inter-American Development Bank

**IBRD** = The International Bank for Reconstruction and Development (World Bank)

(\*) Unlike other institutions, 12-month fiscal year ends June 30th

**CAF** = Corporación Andina de Fomento

**CDB** = China Development Bank

**Capitalization** = Shareholders' Equity / Total Assets

**ROA** = Return On average Assets

**ROE** = Return On average Equity



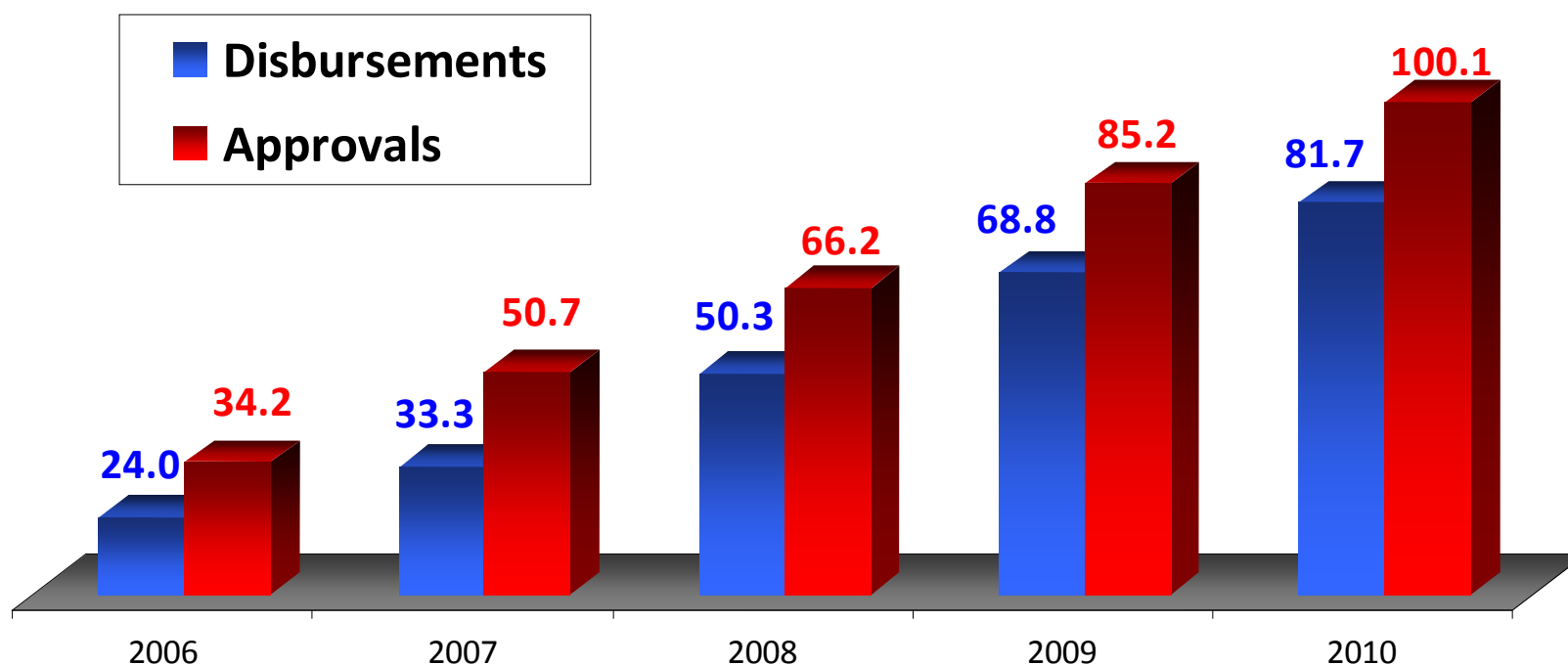
# BNDES Disbursements reached US\$ 81.7 bn in 2010



## BNDES Disbursements and Approvals 2006-2010\*

Data accumulated over the last 12 months up to December 2010

✓ Approvals reached US\$ 100.1 bn in 2010

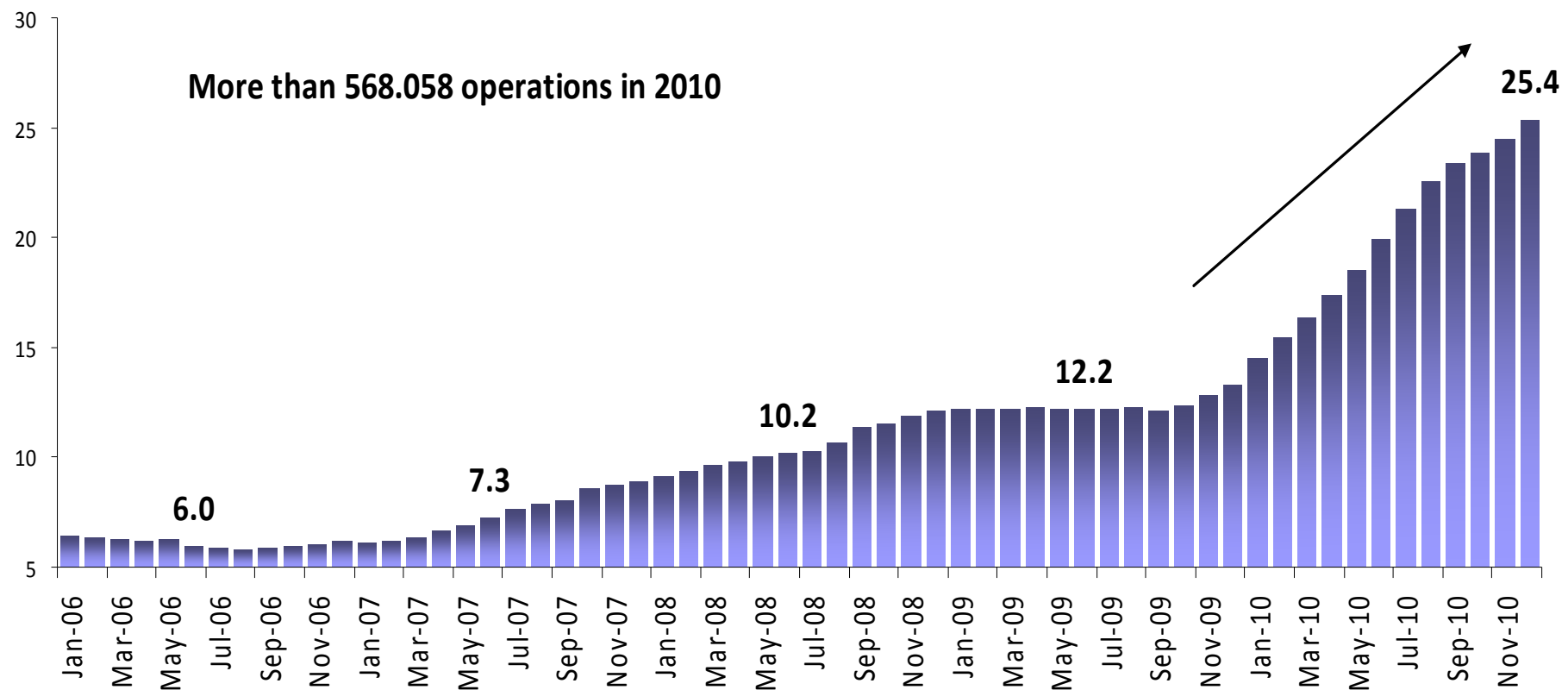


# Disbursements to MPME grew 91% in 2010



Disbursements to Micro, Small and Medium-sized Companies (MPME)  
Data accumulated over 12 months up to December 2010

**Disbursements to MPME rose to more than US\$ 25 bn**



(\*) includes individuals

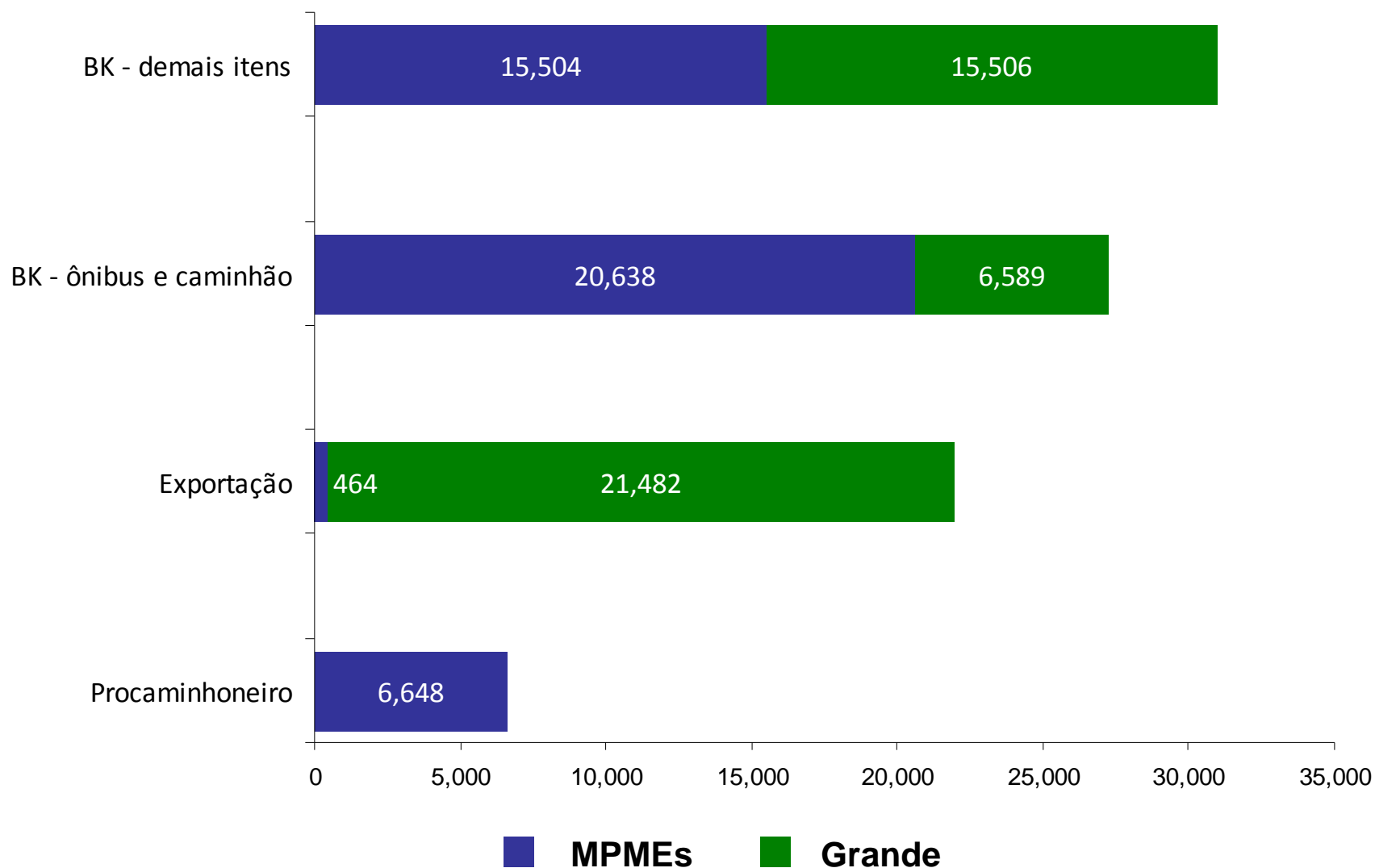
Source: BNDES

US\$/R\$ = 1.80

# PSI contribui para desconcentrar o investimento



## Desembolsos do PSI em 2010\* (R\$ milhões)



# Aumenta a participação de MPMEs nos desembolsos



Sob influência do PSI apoio a MPMEs cresceu de 24,8% para 31,8%

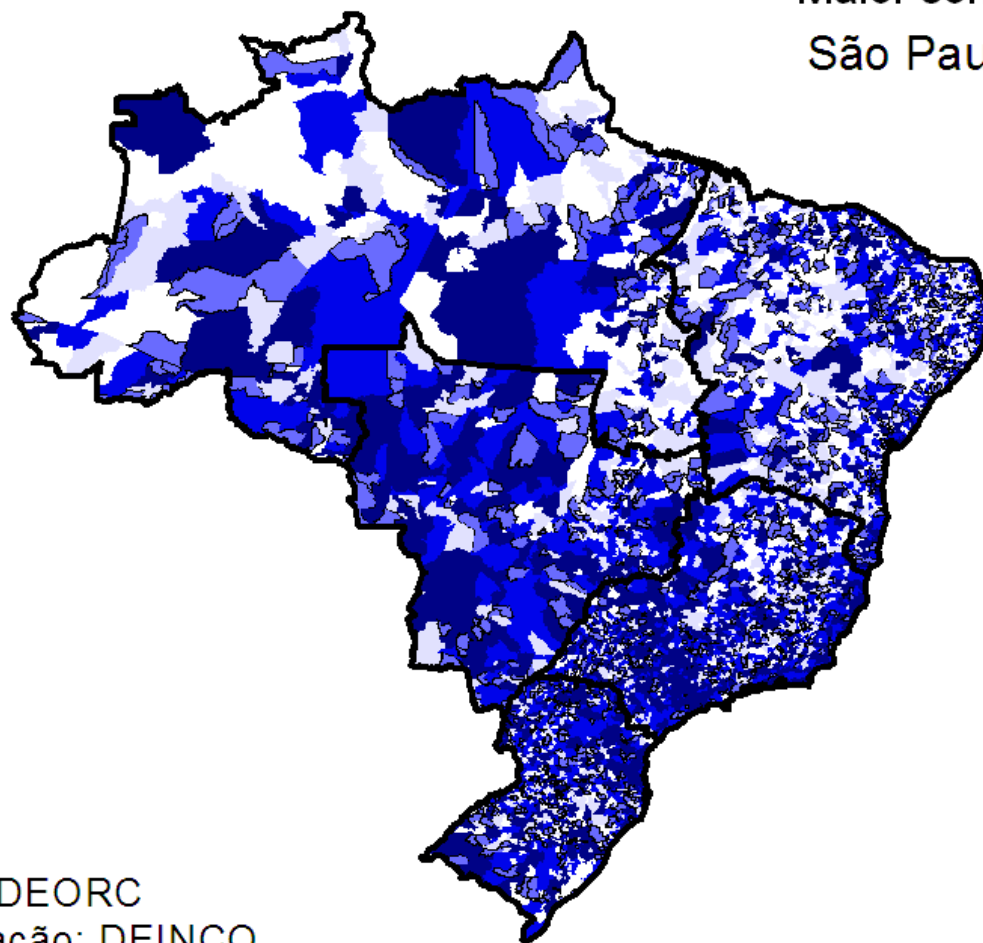
Desembolsos por porte – R\$ milhões						
Porte	2007	2008	2009	2010 <sup>1</sup>	Tx. de Crescimento 2007 - 2010	Tx. Média de Crescimento
Grande	48,825	69,032	112,437	97,950	101%	26%
MPMEs	16,066	21,846	23,919	45,673	184%	42%
Total <sup>2</sup>	64,892	90,878	136,356	143,623	121%	30%
<b>Participação MPMEs</b>	24.8%	24.0%	17.5%	31.8%	28%	9%
<b>Participação MPMEs</b>	24.8%	24.0%	27.7%	31.8%	28%	9%

1 Sem Operação Especial da Petrobras de 24,8 bi em 2010

2 Sem Operações do Mercado Secundário

Desconsiderando-se a operação especial para a Petrobras em 2010  
Participação MPMEs em 2009 sem operação Petrobras é de 27,7%

# Desembolso Cartão BNDES em 2010



Maior soma de desembolsos

São Paulo (SP) - R\$ 375.464.453,00

- Menor soma de desembolsos  
Amaraji (PE) - R\$ 819,00

## DESEMBOLSOS 2010

	819 - 48.238
	48.238 - 160.215
	160.215 - 562.858
	562.858 - 375.464.453

Fonte: DEORC  
Elaboração: DEINCO

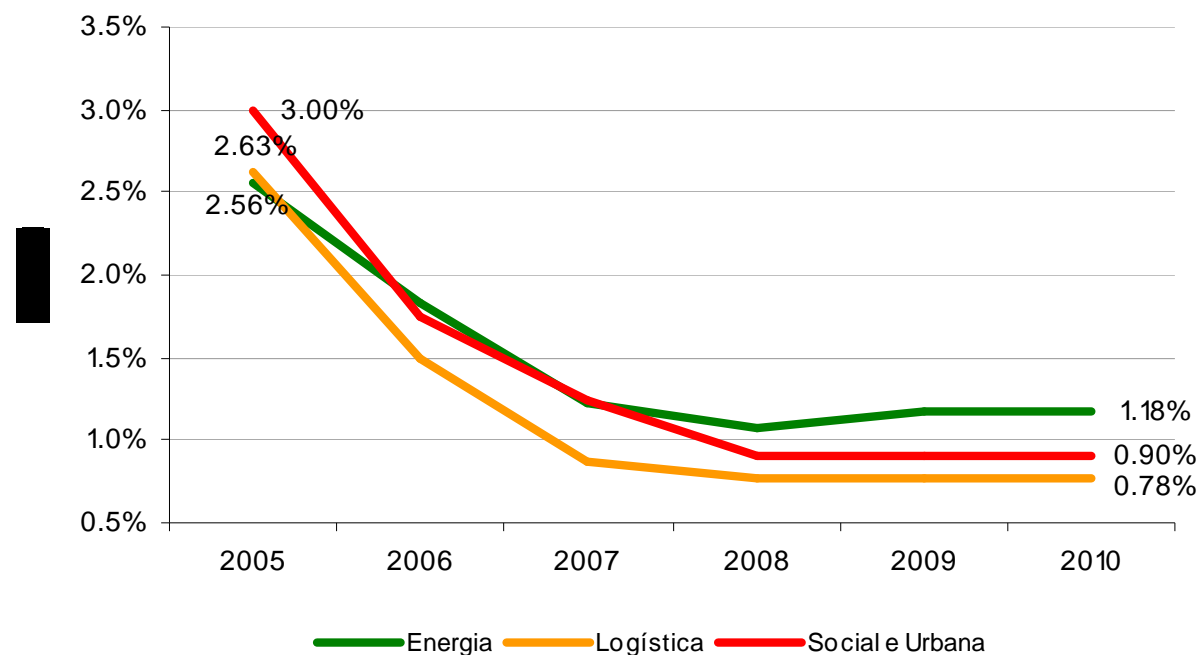
# Contribuição do BNDES para o PAC



Eixo	Efetiva		Fomento		Total potencial	
	R\$ milhões	nº de projetos	R\$ milhões	nº de projetos	R\$ milhões	nº de projetos
Energia	116,890	184	3,592	2	120,482	186
Logística	26,288	86	1,571	3	27,859	89
Social e Urbana	8,827	71	-	-	8,827	71
Administração Pública	185	16	-	-	185	16
<b>Total</b>	<b>152,190</b>	<b>357</b>	<b>5,163</b>	<b>5</b>	<b>157,353</b>	<b>362</b>

↑  
**Carteira PAC**

→  
**Evolução dos spreads**



# Contribuição do BNDES para a PDP



## Carteira da PDP – saldo a desembolsar (R\$ milhões)

Área da atuação	Valor	Área de atuação	Valor
<b>Programas Mobilizadores em Áreas Estratégicas</b>		<b>Programas para Consolidar e Expandir a Liderança</b>	
Tecnologia da Informação e Comunicação	4,721	Complexo Aeronáutico	7,397
<b>Programas para Fortalecer a Competitividade</b>		Petróleo, Gás Natural e Petroquímica	8,847
Complexo Automotivo	3,759	Bioetanol	5,312
Bens de Capital	27,147	Mineração	4,453
Construção Civil	30,049	Siderurgia	6,045
Complexo de Serviços	52,938	<b>Destaques Estratégicos</b>	
Indústria Naval e Cabotagem	19,779	Exportações	30,681
Agroindústrias	12,464	Regionalização	54,677

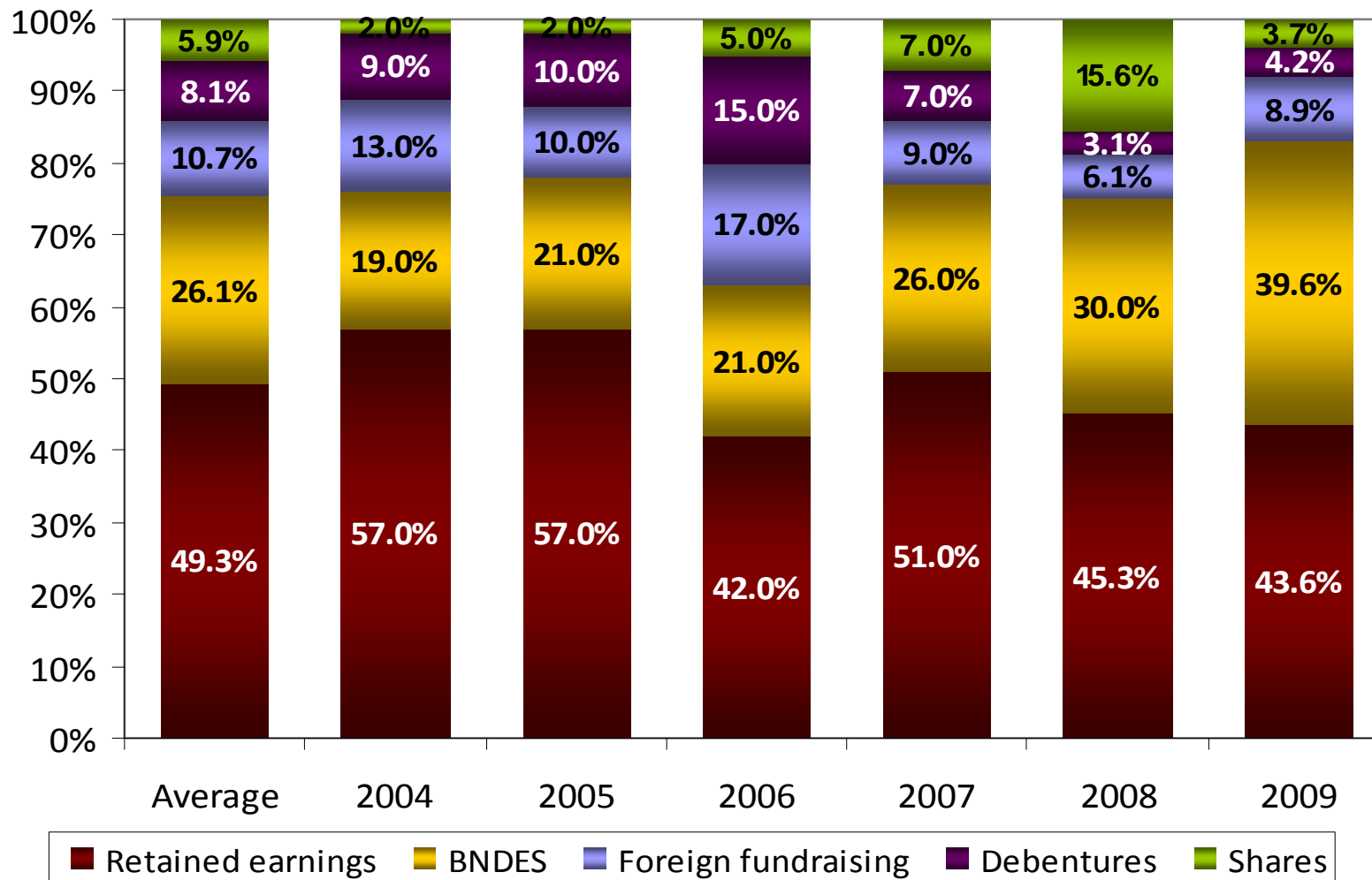
## Metas estabelecidas e resultados alcançado (R\$ bilhões)

Ano	Meta	Var %	Realizado	Var %
2008	62.5	-	80.4	-
2009	70.2	12.3	121.4	51.0
2010	77.7	10.7	127.7	5.2
<b>Total</b>	<b>210.4</b>	<b>-</b>	<b>329.5</b>	<b>-</b>

# Capital markets and banking systems must share long-term financing



## Financing Pattern for Investments in Industry and Infrastructure (2004-2009)

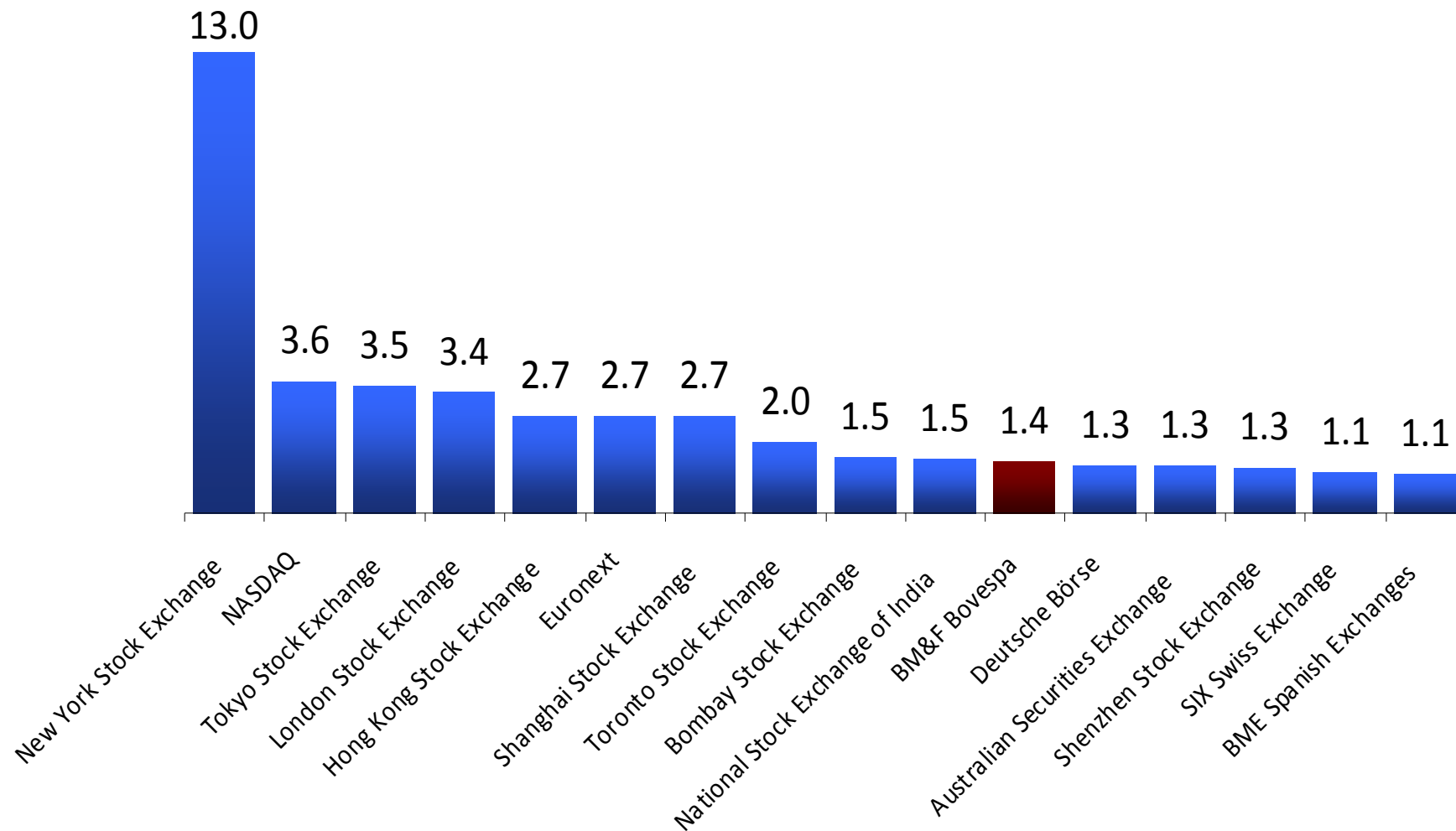




# BOVESPA is the 11th largest among the major stock exchanges.



## Major Stock Exchanges - Market Capitalization (11/10) - USD Trillion

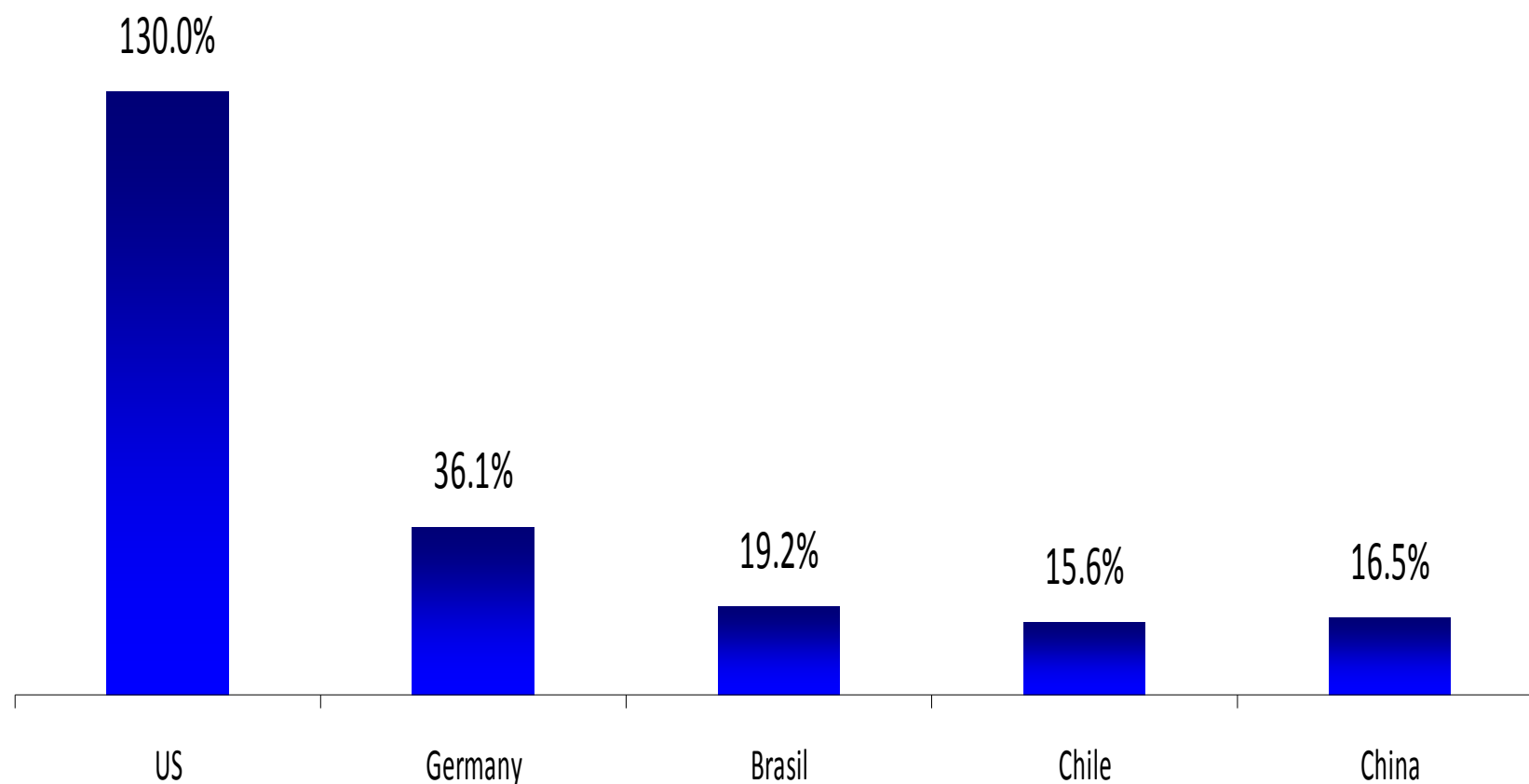


Source: World Federation of Exchanges - Statistics/Monthly (data 1&3)

# Private securities market is still small and complementary to bank credit



## Capitalization of the Private Securities Market/GDP (2008)



# New measures to encourage long-term credit for infrastructure



- ✓ Tax incentives for primary issuance of and transactions with long-term private securities;
- ✓ The BNDES is coordinating several measures:
  - ✓ Acquisition of debentures in primary issuance offers;
  - ✓ Complementary participation in the Liquidity Fund for Private Securities;
  - ✓ Issuance of Financial Bills;
  - ✓ The BNDES will lend the securities in its portfolio to private institutional wishing to play the role of market-makers, aiming to create a secondary market;
  - ✓ Elaborating and disseminating appropriate indexes for long-term financing;
  - ✓ Technical cooperation accord with BM&F Bovespa.

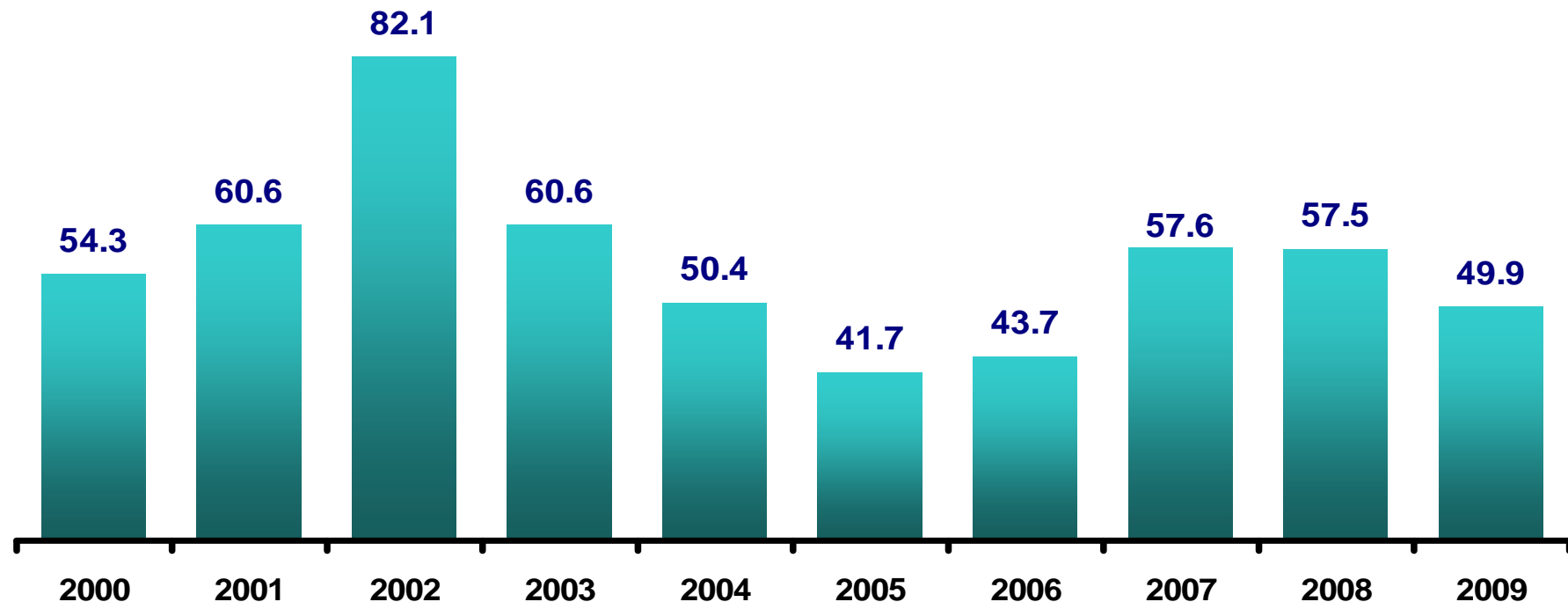
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# Private companies have more capacity to invest



- ✓ Company indebtedness fell to 49.9% of net equity in 2009;
- ✓ Profitability on net equity rose from 13.9% in 2008 to 14.7% in 2009.

**Volume of debt in financial system over Net Equity (%)**  
**1,000 largest companies**



Source: Amounts 1,000, Aug. 2010.

## Survey Coverage

### 1 Industry 60%

- Oil and Gas
- Mining
- Steel
- Pulp and Paper
- Petrochemical
- Electronics
- Vehicles

### 2 Infrastructure 96%

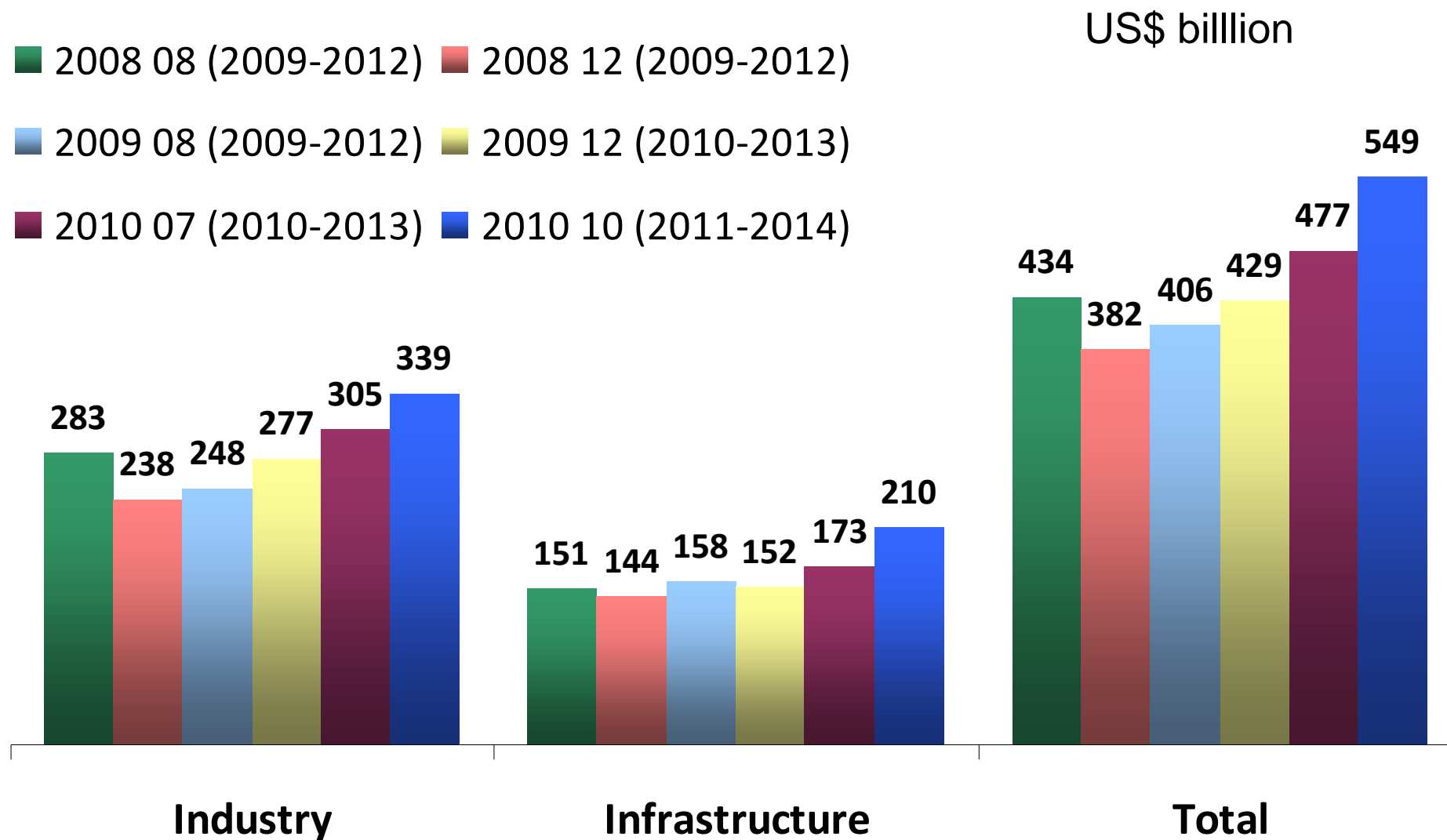
- Electric Power
- Telecom
- Sanitation
- Roads
- Railroads
- Ports

### 3 Construction Projects

**45% of Investment  
9% of GDP**

Source: BNDES.

# BNDES Investment Forecast from 2008 to 2010



# Investment perspectives: positive expectations



- ✓ Infrastructure projects are important stimulus instruments and guarantee public as well as private investment so as to reduce regional inequalities.

Sectors	US\$ billion		Growth	
	2006-2009	2011-2014	%	% year
<b>Industry</b>	<b>206</b>	<b>339</b>	<b>64.6</b>	<b>10.5</b>
Oil & Gas	114	210	84.3	13.0
Mining	33	34	5.2	1.0
Steel	15	23	51.3	8.6
Petrochemical	11	22	95.5	14.3
Vehicles	14	18	31.4	5.6
Electronics	9	16	81.5	12.7
Pulp & Paper	10	16	51.6	8.7
<b>Infrastructure</b>	<b>131</b>	<b>210</b>	<b>60.5</b>	<b>9.9</b>
Electric Power	51	77	50.5	8.5
Telecoms	34	39	11.7	2.2
Sanitation	14	23	56.9	9.4
Railroads	11	33	202.1	24.7
Roads	17	28	71.4	11.4
Ports	3	10	225.1	26.6
<b>Buildings</b>	<b>196</b>	<b>337</b>	<b>72.0</b>	<b>11.5</b>
<b>TOTAL</b>	<b>533</b>	<b>887</b>	<b>66.3</b>	<b>10.7</b>

✓ Oil & Gas and the Domestic Market lead investments in Industry

✓ Electric Power leads investments in Infrastructure

✓ Investments in sanitation and logistics will grow at expressive rates



- ✓ PAC 2 (estimate: US\$ 881 million in investments);
  - ✓ Hydroelectric plant in Belo Monte and, later, the Tapajós Complex;
  - ✓ Railways, highways, ports and airports;
    - ✓ TAV - High-speed Train;
- ✓ 2014 World Cup;
- ✓ 2016 Olympic Games;
- ✓ Environmentally-sustainable projects and concerns for surrounding areas.

## Pre-salt and impacts from Petrobras investments on the production sector (2011-2014)



- ✓ **Pre-salt - Great opportunity for Brazil:** growing long-term demand for the complex goods and services supply industry;
- ✓ **Oil & Gas sector will represent 14.7% of GFCF in 2014.**

	In US\$ bn		
	Direct Effect	Indirect Effect	Total
<b>Machinery and Equipment</b>	105.5	24.1	129.6
<b>Metals</b>	1.0	16.2	17.2
<b>Other production sectors</b>	1.5	33.8	35.3
<b>Trade</b>	0.1	9.3	9.5
<b>Services</b>	5.6	28.7	34.3
<b>Total</b>	<b>113.8</b>	<b>112.1</b>	<b>225.9</b>

- ✓ Total investments represent 15% of the pre-salt. Therefore, such impacts are still underestimated and have room for growth.

**The BNDES will foster investments throughout the entire oil and gas production chain, aiming at building a competitive global supplier of goods and services in the Oil & Gas sector.**

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# Brazil's long-term challenges

- ✓ To resume and qualify long-term planning (energy, logistics, environment, IT infrastructure, ...);
- ✓ To promote and stimulate domestic savings in order to provide long-term funds for investment (banks and capitals market);
- ✓ To increase opportunities for social mobility (job expansion, development/improvement in education) and reduction of inequalities in income distribution, both personal and regional;
- ✓ To develop capacity for innovation and competitiveness in the manufacturing industry, and promote global presence of Brazilian companies (vs. significant challenges stemming from exchange rate appreciation);
- ✓ To promote innovation and development, aiming at social and environmental sustainability.





**BNDES**

*Brazilian  
development bank*

